



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION IX
75 Hawthorne Street
San Francisco, CA 94105

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88146304

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2166-97177

May 4, 1994

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Robert J. Glove
President
Janco Corporation
3111 Winona Avenue
Burbank, CA 91504

Re: Facility at 3111 Winona Avenue, Burbank, CA
Remedial Action Special Notice Letter for the
San Fernando Valley Area 1/Burbank Operable Unit
Superfund Site in Los Angeles County, California

Dear Mr. Glove:

The United States Environmental Protection Agency ("EPA") considers Janco Corporation to be a potentially responsible party ("PRP") for the costs incurred in connection with contamination at the San Fernando Valley Area 1/Burbank Operable Unit Superfund Site ("Site") in Los Angeles County, California, and hereby requests your participation in upcoming negotiations to conduct certain remedial activities at the Site. Under Section 107 of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA"), 42 U.S.C. § 9607; responsible parties are liable for the cleanup of the Site, including all costs incurred by the government in responding to releases at the Site.

EPA has conducted an Operable Unit Feasibility Study ("OUFS") at the Site. The OUFS and a Proposed Plan were released for public comment in October 1988 and contained various interim remedial action alternatives. After considering the public comments on the OUFS and Proposed Plan, EPA selected the interim remedial action for the Site in a Record of Decision ("ROD") issued June 1989 and an Explanation of Significant Differences ("ESD") issued November 1990. The selected interim remedial action includes design, construction, and twenty-year operation and maintenance of a groundwater extraction and treatment system at which 12,000 gallons per minute of water will be treated for volatile organic compound contamination. The treated water will be disinfected and delivered to a blending facility where it will be blended to reduce the nitrate levels in the water to the maximum contaminant level for nitrate. The treated and blended water will then be conveyed to the City of Burbank ("City") for distribution in the City's public water supply system. Excess treated water will be reinjected back into the groundwater.

In accordance with Section 122 of CERCLA, 42 U.S.C. § 9622, EPA issued thirty-two special notice letters to PRPs in mid-1989 for the implementation of the selected interim remedial action. Even though EPA extended the deadline for the PRPs to make a proposal to undertake or finance the interim remedial action, EPA received good faith offers from only four of the thirty-two PRPs who received special notice letters.

On March 25, 1992, the Federal District Court for the Central District of California entered a Consent Decree signed by EPA, Lockheed Corporation ("Lockheed"), the City, and Weber Aircraft, Inc. ("Weber"), under which Lockheed and the City agreed to implement, and Lockheed, the City, and Weber agreed to finance, a portion of the interim remedial action specified in the ROD and ESD. On March 26, 1992, EPA issued an Administrative Order to six additional PRPs to design, construct, and provide non-routine maintenance of the blending facility for nitrate, related water transport and receiving facilities, and certain monitoring. The six PRPs who received the Administrative Order are Aeroquip Corporation; Crane Company; Janco Corporation; Sargent Industries, Inc.; the Antonini Family Trust; and Ocean Technology, Inc. Both the Consent Decree and the Administrative Order are limited to the operation and maintenance of the interim remedial action facilities for a period of two years after completion of a phased-in construction schedule. The performance and financing of the remaining eighteen years of operation and maintenance ("long-term O&M"), as well as the recovery of certain costs, is the subject of this special notice letter.

EPA has determined that the use of the special notice procedures set forth in Section 122(e) of CERCLA, 42 U.S.C. § 9622(e), may facilitate a settlement between EPA and the PRPs for this Site. Thus, in accordance with Section 122 of CERCLA, this letter triggers a sixty-day moratorium on certain EPA response activities at the Site. During this sixty-day moratorium period, you and the other PRPs are invited to participate in formal negotiations with EPA. You are also encouraged to voluntarily negotiate a settlement providing for the PRPs to conduct or finance the response activities required at the Site. The sixty-day negotiation moratorium will be extended for an additional sixty days if EPA determines that the PRPs have provided EPA with a good faith offer to conduct or finance the long-term O&M and to reimburse EPA's past and future response costs. Should a 120-day negotiation moratorium take place, negotiations will conclude on September 1, 1994.

A settlement between EPA and the PRPs would be embodied in an amendment to the existing Consent Decree between EPA, Lockheed, the City, and Weber. The amendment is to be executed within the 120-day negotiation period. A copy of the Consent Decree is enclosed to assist you in developing a good faith offer.

If EPA is unable to reach agreement with the PRPs within the 120-day period, EPA will take appropriate measures to ensure the complete implementation of the interim remedial action.

As indicated above, the sixty-day negotiation moratorium triggered by this letter will be extended for sixty days if the PRPs submit a good faith offer to EPA. A good faith offer to conduct or finance the long-term O&M consists of one written proposal by the interested PRPs that demonstrates the PRPs' qualifications and willingness to conduct or finance the long-term O&M and to reimburse EPA's past and future response costs. In order for your proposal to be considered a good faith offer, it must contain the following elements:

- A statement of your willingness to conduct or finance the long-term O&M that is consistent with the ROD, ESD, and the enclosed Consent Decree and that provides a sufficient basis for further negotiation;
- A demonstration of your technical capability to undertake the long-term O&M; including the identification of the firm(s) that may actually conduct the work or a description of the process by which the firm(s) will be selected;
- A statement of your willingness to reimburse EPA for past costs as well as the costs EPA would incur in overseeing your implementation of the long-term O&M;
- A response to the enclosed Consent Decree in the form of an amendment that will provide all changes that you would seek in order to conduct or finance the long-term O&M and to reimburse EPA's past and future response costs;
- A detailed statement of work or workplan identifying how you intend to proceed with the long-term O&M; and
- The name, address, and telephone number of the party who will represent you in negotiations.

In accordance with CERCLA, EPA has already undertaken certain response actions and has incurred costs in connection with contamination at the Site, including but not limited to costs for the development of a basin-wide, non-operable unit specific remedial investigation. Although the government has already received \$ 3,449,938.97 as reimbursement of certain costs pursuant to the Consent Decree, EPA has incurred and has yet to recover at least \$ 12,392,764 in costs in connection with the contamination at the Site as of April 30, 1992, which include costs not recoverable under the Consent Decree. The exact costs will be provided to you shortly. EPA also anticipates expending additional funds for response activities related to the Site,

which may include a remedial action or oversight of a remedial action. In accordance with Section 107(a) of CERCLA, 42 U.S.C. § 9607(a), demand is hereby made for payment of the above amount plus any and all interest recoverable under Section 107 of CERCLA or under any other provisions of law.

As indicated above, EPA anticipates expending additional funds in connection with the Site. Whether EPA funds the long-term O&M or simply incurs costs by overseeing the parties conducting the response activities, you are potentially liable for all expenditures plus interest.

Interest on past costs incurred shall accrue from the date of this demand for payment or any earlier demand, whatever is earlier; interest on future costs shall accrue from date of expenditure, pursuant to Section 107(a) of CERCLA, 42 U.S.C. § 9607(a). Interest rates are variable. The rate applicable on any unpaid amounts for any fiscal year is the same as is specified for interest on investments of the Hazardous Substance Superfund which is determined by the Department of the Treasury. EPA is not required by CERCLA to issue a written demand for recovery of prejudgment interest. However, the date a written demand is made may be used by a court in determining the date from which prejudgment interest begins to accrue.

In the event that you file for protection in the Bankruptcy Court, EPA reserves the right to file a Proof of Claim or Application for Reimbursement of Administrative Expenses against the bankrupt's estate.

Remittance must be made payable to the "U.S. EPA Hazardous Substance Superfund" established pursuant to CERCLA in Title 26, Chapter 98 of the Internal Revenue Code, and must reference the San Fernando Valley Area 1/Burbank Operable Unit Superfund Site (Nos. 59 and L6). Please send your remittance to:

U.S. EPA — Region 9
Attention: Superfund Accounting
P.O. Box 360863M
Pittsburgh, PA 15251

If EPA does not receive your response within the sixty-day moratorium period, EPA will conclude that you do not wish to negotiate a resolution of your liabilities in connection with this response action and that you have declined any involvement in performing or financing the response activities. You may be held liable by EPA under Section 107 of CERCLA for the cost of the response activities EPA performed and performs at the Site. If a settlement cannot be reached and the PRPs elect not to conduct or finance the long-term O&M, EPA may choose from among the following options in order to assure full implementation of the ROD and ESD: (i) EPA may issue a unilateral order to the PRPs under Section 106(a) of CERCLA, 42 U.S.C. § 106(a) to

perform the long-term O&M; (ii) EPA may fund the long-term O&M; or (iii) EPA may pursue civil litigation against the PRPs, pursuant to Sections 106(a) and 107(a) of CERCLA, 42 U.S.C. §§ 9606 and 9607.

EPA encourages good faith negotiations between you and the Agency, as well as coordination among the parties potentially responsible for contamination at the Site. EPA encourages PRPs involved at the Site to form a PRP Steering Committee. EPA believes that a PRP Steering Committee is the best vehicle for establishing and maintaining coordinated and constructive dialogue both within the PRP group itself and between PRPs and the Agency.

For your information and to facilitate organization we have enclosed the names and addresses of the PRPs who will be receiving this special notice letter, as well as two fact sheets. In addition, EPA will conduct a meeting on Thursday, June 2, 1994, to answer questions regarding the scope of this special notice letter and the schedule for future negotiations. We will be notifying you or your representative of the meeting time and location.

If you have any technical questions regarding the Site or this letter please contact:

David Seter
Hazardous Waste Management Division, H-6-4
U.S. Environmental Protection Agency, Region IX
75 Hawthorne Street
San Francisco, CA 94105
(415) 744-2260

Please direct any legal questions to:

Marie M. Rongone
Office of Regional Counsel, RC-3-3
U.S. Environmental Protection Agency, Region IX
75 Hawthorne Street
San Francisco, CA 94105
(415) 744-1313

My staff and I look forward to working with you during the coming months.

Sincerely,

ORIGINAL SIGNED BY

David B. Jones
Chief, Remedial Action Branch

Enclosures